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Members of the Legislative Assembly Pension Plan

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ANNUAL REPORT

FOR THE FISCAL YEAR ENDED MARCH 31, 1987

Alberta
TREASURY

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Members of the Legislative Assembly Pension Plan

ANNUAL REPORT

for the fiscal year ended March 31, 1987

Alberta

PROVINCIAL TREASURER
224 Legislature Building, Edmonton, Alberta, Canada T5K 2B6 403/427-8809

June, 1988

The Honourable Dr. David Carter
Speaker of the Assembly

Sir:

Pursuant to section 4 of the Members of the Legislative Assembly Pension Plan Act, being Chapter M-12.5 of the 1985 Statutes of Alberta, I have the honour to lay before the Assembly the annual report on the operation of the Members of the Legislative Assembly Pension Plan for the fiscal year ended March 31, 1987.

Respectfully submitted,

Dick Johnston
Provincial Treasurer

Alberta
TREASURY

442 Terrace Building, 9515 - 107 Street, Edmonton, Alberta, Canada T5K 2C3 403/427-4106

June, 1988

The Honourable Dick Johnston
Provincial Treasurer

Sir:

In accordance with section 4 of the Members of the Legislative Assembly Pension Plan Act, I have the honour to transmit herewith the annual report on the operation of the Members of the Legislative Assembly Pension Plan for the fiscal year ended March 31, 1987 to be laid by you before the Legislative Assembly.

The annual report includes a statement of the most recent estimate of the actuarial liabilities of the Plan as required by section 4(2) of the Act.

Respectfully submitted,

A.D. O'Brien
Deputy Provincial Treasurer
Management and Control

TABLE OF CONTENTS

	Page
Introduction	2
Plan Overview	2
Review of Operations	2
Actuarial Liabilities	3
Participation	3
Contributions	3
Refunds	3
Information and Counselling Service	4
Pension Benefits	4
Statement of Receipts and Payments	5
Comparative Statistics	6

Introduction

The Members of the Legislative Assembly Pension Plan was established effective May 7, 1969 by the M.L.A. Pension Act, to provide a contributory pension scheme for Members of the Legislative Assembly (M.L.A.s). Participation in the Plan is voluntary and M.L.A.s may elect to participate at any time while holding office.

The M.L.A. Pension Act was repealed on November 1, 1985 and replaced by the Members of the Legislative Assembly Pension Plan Act. Under the new legislation, policy and administration became the responsibility of the Lieutenant-Governor in Council and the Minister respectively, while the Members of the Legislative Assembly Pension Plan Board was assigned an advisory and appellate role.

Plan Overview

The Members of the Legislative Assembly Pension Plan is a contributory defined benefit plan under which the M.L.A. contributes at a rate of 7.5 per cent of the allowance paid with respect to each office held. The Government makes a matching contribution. The net amount of pension contributions less payments is deposited to or withdrawn from the Pension Fund pursuant to the Pension Fund Act. The income of the Pension Fund accrues to and forms part of the Fund. The Government of Alberta guarantees the payment of all benefits under the Members of the Legislative Assembly Pension Plan.

Those members who retire with at least five years of pensionable service in the office of M.L.A. are entitled to a pension. Those members who retire from an office other than M.L.A. with at least one year in that office and at least five years as an M.L.A. are entitled to a pension in respect of that other office. Pension benefits are based on four per cent of the highest average of pensionable allowances for three consecutive years, times the number of years of pensionable service in an office. If the member has an eligible spouse, unless a waiver is signed by that spouse, the pension paid must be in the normal form of pension. The normal form of a pension is payable for the life of the member with a 75 per cent spousal survivor benefit. Single members may elect a life pension, choosing a 5, 10, 15 or 20 year guarantee period. They may also elect a joint life pension based on their life and that of a nominee.

Members may retire at any time if five years of pensionable service has been accumulated. If retirement takes place after age 55, no actuarial reduction is applied to the benefit. The Plan also makes provision for those members who die prior to retirement and have accumulated at least five years of pensionable service. In such case the surviving spouse is entitled to either a spousal pension or a lump sum benefit. The spousal pension is equal to the survivor benefit of a non-reduced joint life pension. A beneficiary other than a spouse must accept a lump sum benefit.

Review of Operations

The Members of the Legislative Assembly Pension Plan is administered by Alberta Treasury, Payroll and Pensions.

A new manual with improved content and format was developed to assist the Legislative Assembly Office with respect to pension related activities.

Annual statements were produced for all participants to provide information and verify the current status of information on file. Statements were forwarded to the Legislative Assembly Office for distribution.

During the year, Payroll and Pensions continued with further automation of pension plan activities. Retirement processing, including the provision of member estimates, was partly computerized in February 1987. Such computerization of the retirement function has improved the accuracy of pension calculations and decreased the time required in supplying information to retirees.

Actuarial Liabilities

An independent actuarial valuation carried out at March 31, 1985 estimated the accrued liability of the Members of the Legislative Assembly Pension Plan to be $30,215,000. The normal actuarial cost of the plan as a percentage of payroll was estimated at 56.1 per cent.

Participation

At March 31, 1987 there were 112 active contributors and three terminated members who had either not made a choice regarding their plan status or were awaiting a deferred pension.

Contributions

The schedule below summarizes the member and government contributions for the year ended March 31, 1987.

	Participants At March 31, 1987	Contributions Received		
		Member	Government	Total
		$	$	$
Part 1 of the Act (Members of the Legislative Assembly	83	318,851	233,002	551,853
Part 2 of the Act (Members of the Executive Council)	25	90,157	83,360	173,517
Part 3 of the Act (Speaker, Deputy Speaker, and Leader of the Opposition)	4	8,053	8,023	16,076
Accounts held on Deposit	3		285	285
	115	417,061	324,670	741,731

Refunds

The following amounts of member contributions and interest were refunded during the year to members terminating office:

	Number	Amount
		$
Cash	4	18,343
Registered Retirement Savings Plans or Registered Pension Plans outside of a reciprocal agreement	2	16,814
	6	35,157

In addition, 17 refunds of excess contributions totalling $4,341 were made to members and the Government during the year.

Information and Counselling Service

A new information brochure for the Members of the Legislative Assembly Pension Plan was prepared during the year. In addition, a regular information bulletin, Pension News, was forwarded to the Legislative Assembly Office.

Pension Benefits

During the year ended March 31, 1987 pension benefits paid totalled $1,849,866, an increase of $608,482 (49.0 per cent) over the previous year. A total of 47 pensions were granted in the categories shown in the table below. No pensions were granted during the fiscal year ended March 31, 1986.

	1987	
Normal Retirement	5	
Early Retirement	42	(16)
	47	(16)

( ) Brackets denote pensions co-ordinated with Canada Pension Plan (CPP) and/or Federal Old Age Security (OAS) payments.

Pension options selected by members are as follows:

Member Pensions	At March 31, 1986	New Retire-ments	Deaths	End of Guaran-tee Term	At March 31, 1987
Normal (life with 75% survivor pension)	67	46	(1)		112
Single Life	2		(1)		1
Guaranteed 10 years	7		(2)		5
Guaranteed 15 years	7			(1)	6
Guaranteed 20 years	23	1			24
Joint Life non-reduced	9				9
Joint Life Reduced one third	3				3
Joint Life Reduced one half	2				2
Spousal Pensions					
Guaranteed 5 years	2				2
Guaranteed 10 years	1				1
Guaranteed 20 years	1	—	—	—	1
Total Pensions in Effect	124	47	(4)	(1)	166
Pensions co-ordinated with CPP and/or OAS	36	16	—	—	52

Note: The allocation of pension options at March 31, 1986 has been adjusted to correct previously reported figures.

The schedule below categorizes the pensions in effect at March 31, 1987 by dollar value of monthly pension.

Dollar Value Per Month	Member Pensions	Spousal Pensions	Total
$ 0 – 499	39	2	41
500 – 999	57	1	58
1,000 – 1,499	39	1	40
1,500 – 1,999	19	0	19
2,000 and over	8	0	8
	162	4	166

Effective January 1, 1987 a cost of living adjustment of 2.7 per cent was granted to those pensioners in receipt of a pension for one year or more with a proportionately smaller increase granted to those retiring during the year.

STATEMENT OF RECEIPTS AND PAYMENTS
YEAR ENDED MARCH 31, 1987

	1987	1986
	$	$
RECEIPTS:		
Member contributions	417,061	323,850
Government contributions	324,670	285,722
	741,731	609,572
PAYMENTS:		
BENEFITS		
Pensions to retired members	1,817,686	1,209,947
Pensions to surviving spouses	32,180	31,437
	1,849,866	1,241,384
WITHDRAWALS		
Refunds of contributions and interest to terminated members	35,157	8,494
Refunds of excess contributions	4,341	96
	39,498	8,590
Total payments	1,889,364	1,249,974
Excess of payments over receipts	1,147,633	640,402

Comparative Statistics

The table below shows comparative statistics of receipts and payments for the most recent five fiscal years:

(000's)

Fiscal Year	RECEIPTS			PAYMENTS			Excess of Payments over Receipts
	Member	Government	Total	Benefits	Withdrawals	Total	
	$	$	$	$	$	$	$
1986-87	417	325	742	1,850	39	1,889	1,147
1985-86	324	286	610	1,241	9	1,250	640
1984-85	327	283	610	1,251	—	1,251	641
1983-84	371	266	637	1,230	13	1,243	606
1982-83	345	241	586	1,052	30	1,082	496